

FTC Accuses Credit Firm Of Deception

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The Federal Trade Commission yesterday accused Retail Credit Co., Inc., the nation's largest credit reporting operation, of using unfair and deceptive methods to collect and give out information on millions of Americans every year.

The information collected includes details of a person's character, morals and reputation, as well as credit data. It is often bought by businesses for use in determining whether a consumer is eligible for insurance or employment.

The FTC's proposed complaint includes charges that Retail Credit:

- Uses a quota system that requires its investigators to turn up a certain percentage of adverse information for inclusion in reports.

- Uses a salary system that requires its employees to complete or prepare an unreasonable number of reports each day.

- Permits its investigators to misrepresent that they work for the company to which the consumer has applied for a job or insurance.

- Falsely states on reports and in promotional literature that the subjects of its reports are interviewed in person, that their homes and neighborhoods are observed directly; and that all of the sources listed on the report are interviewed.

The FTC also accused the company of violating the Fair Credit Reporting Act by furnishing consumer report information to individuals who are not authorized to receive it and by reporting the existence of obsolete unfavorable information.

The FTC said one way the company does the latter is through stock sentences that indicate such information exists but can't legally be reported. Another is by furnishing photocopies of motor vehicle reports that show that old driving violations were recorded but have been masked out.

Retail Credit Co. officials

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Credit Firm Is Accused Of Deceptive Methods

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yesterday expressed surprise at the FTC proposed complaint. "Our policy since passage of the Fair Credit Reporting Act in April, 1971, has been to make every effort to adhere to its letter and spirit," H. H. Nichols, the company's vice president, said "To the best of our knowledge, our company is and always has been in full compliance."

J. Thomas Rosch, director of the FTC's Bureau of Consumer Protection, said yesterday he did not understand the company's surprise, because it had been aware of the FTC investigation for two years and

has been in court seeking to block FTC access to some of its files.

Rosch said the firm, which represents between 70 and 80 per cent of the market in such credit reports, employs nearly 14,000 people working out of about 1,800 offices in every state. It had gross revenues of \$195 million last year.

Rosch said the firm has completed files on the personal lives of 45 million Americans and boasts that it is capable of reporting on the personal lives of 98 per cent of the U.S. population.

Rosch said the salary system the firm uses "puts a premium on the number of reports gath-

ered at the expense of their accuracy." He said the company reported "fictitious interviews and fictitious observations of its interviewers" as if they were face-to-face when they were in fact only telephone discussions.

The agency has received more than 100 consumer complaints about Retail Credit, he added.

The FTC is seeking a consent order prohibiting all the challenged practices and would, in addition, require Retail Credit to furnish a copy of the information in its files to any consumer who requests it. This would go beyond present provisions of the Fair Credit Reporting Act, which allows the consumer to examine "the nature and substance" of information in the file excluding medical information and the sources of investigative information.

By failing sometimes even to disclose what's in a consumer's file, the FTC charged, Retail Credit doesn't comply with the law.